



Please feel free to write, e-mail or call the editor with any questions you would like to see addressed in this column.

Ask SAF....

Q Why didn't my estimated premium reflect the five percent credit for the "Drug and Alcohol Free Workplace Program"?

A The premium credit for the "Drug and Alcohol Free Workplace Program" is applied to the premium as part of the annual

audit and is reflected on the "Reported Statement". You must submit your completed application each year before the five percent premium credit can be established and processed.

Welcome New Policyholders!

BARNWELL COUNTY NURSING HOME
BARNWELL, SC 29812

SALUDA NURSING CENTER
SALUDA, SC 29138

CHESTER COUNTY RESCUE SQUAD
CHESTER, SC 29706

SC REGIONAL HOUSING AUTHORITY #3
BARNWELL, SC 29812

DAUFUSKIE ISLAND FIRE DISTRICT
DAUFUSKIE ISLAND, SC 29915-0030

TOWN OF BLYTHEWOOD
BLYTHEWOOD, SC 29016

LANCASTER COUNTY CHILDREN'S
COUNCIL
LANCASTER, SC 29720

PARKER SEWER & SUB DISTRICT
GREENVILLE, SC 29611

PIEDMONT PUBLIC SERVICE DISTRICT
PIEDMONT, SC 29673

Thank You!

The SAF Source is a quarterly newsletter published by the South Carolina State Accident Fund as a vehicle to provide news, technical information and guidance to state/local government policyholders, policy-makers and others concerned with the management of workers' compensation programs.

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Comments and contributions may be sent to: PO Box 102100 Columbia, SC 29221-5000

Make plans to attend SAF's...

EMPLOYERS' WORKERS' COMPENSATION UPDATE 2003

Three Locations:

Charleston (Patriot Point) January 15, 2003 9a.m. - 3 p.m.
Greenville (Greenville Technical School) January 23, 2003 9a.m. - 3 p.m.
Columbia (State Accident Fund) January 29, 2003 9a.m. - 3 p.m.

The sessions are designed to increase the attendees knowledge and understanding of recent changes in the workers' compensation system and the potential impact of those changes on their organization's workers' compensation program. Registration is free, but space is limited.

The tentative agenda includes:

- An overview of the current state of the Workers' Compensation Market in South Carolina
- Changes at the State Accident Fund.
- Changes at the Workers' Compensation Commission
- Changes at the Second Injury Fund
- Safety Issues to include the New OSHA 300 Log

Final agenda and a map will be sent 2 weeks before each session. Meals not included. For more information or to make special arrangements contact Vicki Lewter at (803) 896-5916 or vlewter@saf.state.sc.us .

Registration			
<u>EMPLOYERS' WORKERS' COMPENSATION UPDATE 2003</u>			
PO Box 102100 Columbia, SC 29221-5000			
Name _____	Title _____		
Organization _____			
Mailing Address _____			
Phone(____) _____	Fax _____	email _____	
Circle session you wish to attend:			
Charleston: Wednesday 01/15/2003	Greenville: Thursday 01/23/2003	Columbia: Wednesday 01/29/2003	
Your area(s) of responsibility (circle all that apply): claims filing premiums safety supervision/management			

What really causes WC cost to rise...

(Continued from page 1)

to keep their return-to-work programs during layoffs, because the absence of such programs increases the costs of workers' comp," states Pimental.

And something else to consider: If an injured employee is not laid off but sees his healthy coworkers getting laid off, he may resist coming back, worried that "his own head may be on the block" with everyone else's if he returns. "His reward for accelerating his return would be that he gets laid off on the next round," he explains. These employees may try to draw their claims out.

A way to dump poor employees?

When some employers are forced to downsize, they see it as an opportunity to get rid of some employees that they wanted to get rid of before but felt they were not able to or felt uncomfortable about terminating. "If any of these employees happen to be on workers' comp when the layoffs are announced, the employer sees it as a way to prevent those employees from ever coming back," notes Pimental.

Some employers do this even in good economic times: When an undesirable employee is injured, the employer may use this as a way to get rid of the employee permanently. "In a layoff situation, the idea is even more appealing because no employer wants to lay off a hard-working, healthy employee in order to keep an undesirable employee who is out on workers' comp," he notes.

However, Milt Wright & Associates encourages employers not to resort to this "popularity contest" when bringing people back. The reason: "It is an extremely expensive way to get rid of someone," he states. In fact, it may be the most expensive way."

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FYI: The National Council on Compensation Insurance, Inc (NCCI) announced at the South Carolina Workers' Compensation State Advisory Forum on August 6, 2002, that claim costs are rising while claim frequency continues to decline slightly. As a result of this trend, the NCCI has filed with the Department of Insurance a proposed 20.3% increase in loss costs with a proposed effective date of December 1, 2002. NCCI representatives stated that claim costs were increasing more rapidly in South Carolina than anywhere else in the nation.

“DE” FINING OUR FORMS

Part 3:

By Connie Mack

In the first two segments of this article we covered several of the forms that are generated as part of a typical claim. In this segment I want to discuss the final form normally filed on a claim, the Form 19-Status Report and Compensation Receipt. (Clincher). The signed form is then filed with the Workers' Compensation Commission to close the file.

This is the third and final part of a three part series on Forms and Fines written by claim adjuster Ms. Connie Mack.

Background: It is the responsibility of the SC Workers' Compensation Commission to administer the South Carolina Workers' Compensation Law, generally found in Title 42 of the Code of Laws of South Carolina. In accordance with the Administrative Procedures Act, the Commission also promulgates rules and regulations necessary to implement the provisions of Title 42. Since July 1, 2000 the Commission has collected over \$336,000 in fines from insurers for failure to comply with the laws, rules, and regulations. A large number of these fines are a direct result of failure to file forms in a timely manner.

This form is sent to the injured worker at the very end of the claim, when the claimant has reached maximum medical improvement and there is an impairment rating & disability assigned. In these cases the injured worker is paid a settlement. The settlement is normally the result of an informal conference, a clincher conference or an agreement reached between the adjuster and legal counsel representing the injured worker. As part of this process a Form 19 is prepared and submitted to the injured worker for signature. The injured worker's signature is required on the Form 19 when permanent disability or disfigurement is paid, or when the claim is settled by a Full and Final release

If you have a question about a particular form, please contact your adjuster. I am certain that if we work together we can reduce the number of form related fines in the future.

THE SAF SOURCE

FALL 2002

SC State Accident Fund's Quarterly Workers' Compensation News and Information Resource

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The ABCs of Workers' Comp

Form 15, Temporary Compensation Report: When the insurer begins to pay either temporary total or temporary partial compensation, salary in lieu of temporary compensation, or when the compensation rate changes the employer's representative shall complete Section I of the Form 15 and serve the Form 15 on the injured worker with the first compensation check. The insurer's representative must file the Form 15 with the Workers' Compensation Commission within ten days of the date of first payment of compensation. When compensation is terminated or suspended during the first one hundred fifty days after the employer has notice of the injury, the employer's representative shall complete Section I and Section II of the Form 15 and file the form immediately with the Workers' Compensation Commission and shall serve two copies of the form on the injured worker with documentation attached as to the reason for termination or suspension. The injured worker may request a hearing to dispute the termination or suspension of temporary compensation by completing Section III of the Form 15 and filing it.

Form 17, Receipt of Compensation: Temporary compensation is terminated by the filing of the signed Form 17. When an insurer terminates or suspends compensation more than one hundred fifty days after the employer has notice of the injury, the insurer must file a Form 17 signed by the injured worker and the insurer's representative with the Workers' Compensation Commission within thirty-one days of the date the claimant returned to work or agreed he or she was able to return to work. A signed Form 17 does not prevent the injured worker from seeking any other benefits available under the Act.

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THE SAF SOURCE

SC State Accident Fund's Quarterly Workers' Compensation News and Information Resource

What really causes WC cost to rise during layoffs

By William Atkinson

What happens to workers' comp cost when companies announce downsizing or layoffs during the next few months? You'd expect them to go down because the employer has fewer employees. In many instances, however, this isn't what happens—in fact, workers' comp costs may increase, despite having fewer employees.

What is the major cause of this increase? “Most people would say that employees faking injuries so they can fall back on workers' comp after the layoff is the major cause,” states Richard Pimental, a senior partner with Milt Wright & Associates (Chatsworth Calif.), and one of the nation's leading experts on workers' comp. “However, employees faking injuries is not as statistically significant as some people might want to believe.”

There are some other reasons workers' comp cost can increase. The first: at any given time, you will have employees with current, open workers' comp claims. These are people who are in recovery and not back to work. When downsizing is announced and employees are laid off, some of the employees currently out on workers' comp will be part of group of employees being laid off. “In other words, these are not employees who got injured because they knew they would be laid off,” states Pimental. “Rather, these are people who are laid off while they were out injured. They have no work to

come back to!” If they have no job to come back to, these employees are less likely to recover quickly because workers' comp becomes their only viable source of income. “In addition, doctors are more hesitant to release these employees to return to work if there is no work to release them to,” he adds.

Compounding the problem is that, during downsizing, many employers eliminate or reduce their return-to-work programs. The rationale: Why bring back a non-laid-off injured worker to light-duty employment when it would mean having to layoff a perfectly healthy unrestricted worker? “Instead, the employer is more likely to tell the worker who is not laid off but who is out on workers' comp that he can come back when he is recovered 100 percent,” continues Pimental. This increased length of time also increases workers' comp cost.

Exacerbating the problem even more is this: Since the return-to-work program is really part of the therapy and recovery process, it takes injured employees a lot longer to recover at home, where they have no access to the therapeutic benefits of the return-to-work program. “We encourage employers

(Continued on page 4)

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Have a Safe & Happy Holiday Season!